

Message Text

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PAGE 01 STATE 014329
ORIGIN OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-08 COME-00 TRSE-00 AID-05
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P 212338Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY AMMAN PRIORITY

UNCLAS STATE 014329

FROM OPIC

E.O. 11652:N/A

TAGS: EINV

SUBJECT: OPIC INSURANCE OF FILON

1. OPIC INSURED FILON'S PROJECT IN JORDAN ON JAN. 19, 1977
AND THE PRESIDENT OF OPIC, MARSHALL T. MAYS, WROTE THE FOL-
LOWING LETTER TO DON K. HENDERSON, EXECUTIVE VICE, FILON
EXPLORATION CORPORATION, 1700 BORADWAY - SUITE 2216,
DENVER, COLORADO 80202:

QUOTE THIS LETTER CONFIRMS THAT THE OVERSEAS PRIVATE IN-
VESTMENT CORPORATION ISSUED CONTRACT OF INSURANCE NO. 9300
TO FILON EXPLORATION CORPORATION ON JANUARY 19, 1977.
THIS CONTRACT PROVIDES POLITICAL RISK INSURANCE FOR UP TO
20 MILLION DOLLARS TO COVER THE PARTICIPATION OF FILON AND
ITS ELIGIBLE ASSIGNEES IN A PRODUCTION SHARING CONTRACT
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BETWEEN THE NATURAL RESOURCES AUTHORITY OF JORDAN AND
FILON EXPLORATION CORPORATION.

THIS PIONEERING ACHIEVEMENT IN DEVELOPING A NEW GENERATION
OF OPIC INSURANCE COVERAGE FOR FOREIGN OIL EXPLORATION,
DEVELOPMENT, AND PRODUCTION WAS ACCOMPLISHED THROUGH LENG-
THY PLANNING DISCUSSIONS FOLLOWED BY LONG HOURS OF

NEGOTIATION. THE INSURANCE CONTRACT CREATED TO COVER OIL EXPLORATION IN JORDAN SHOULD BECOME A MODEL CONTRACT FOR

OPIC USE IN ASSISTING OIL EXPLORATION IN DEVELOPING COUNTRIES AROUND THE WORLD. WE BELIEVE IT IS NOTEWORTHY THAT FILON, A YOUNG AND ENERGETIC U.S. OIL COMPANY, PROVIDED THE ESSENTIAL INITIATIVE AND DRIVE TO CREATE THIS NEW MODE OF OPIC INSURANCE. UNQUOTE

2. HENDERSON WILL TRAVEL TO AMMAN ON FEB. 2 OR FEB. 3 FOR THE PURPOSE OF REQUESTING (1) THAT THE NRA MAKE CERTAIN MODIFICATIONS TO THE PRODUCTION SHARING CONTRACT TO SATISFY NEW IRS RULINGS SO THAT U.S. EXPLORERS CAN OBTAIN FOREIGN TAX CREDITS AND (2) GRANT ADDITIONAL TIME FOR FILON TO SATISFY WORK OBLIGATIONS. ONE OF HENDERSON'S ARGUMENTS WILL BE THAT THE UNAVAILABILITY OF POLITICAL RISK INSURANCE HAS PREVENTED FILON FROM FORMING A DRILLING CONSORTIUM. HENDERSON WILL SHOW ABOVE LETTER TO THE NRA TO DEMONSTRATE FILON'S CONTINUED COMMITMENT TO THE PROJECT, OPIC REQUESTS AMBASSADOR, IF HE DEEMS IT APPROPRAITE, TO DELIVER COPY OF THE LETTER TO PRIME MINISTER MUDAR BADRAN, WHO GAVE OPIC THE LETTER OF FURTHER ASSURANCES.

3. OPIC REQUESTS THE AMBASSADOR GIVE APPOINTMENT TO HENDERSON ON FEB. 4 SO HE CAN APPRISE EMBASSY OF THE STATUS OF PROJECT. PLEASE REPLY TO OPIC.
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
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